



## Department of Energy

Nevada Operations Office

P.O. Box 98518

Las Vegas, NV 89193-8518


JUL 31 1996

R. Thomas Bell, III, International Health Studies, DOE/HQ (EH-63) 270

### MARSHALL ISLAND PROGRAM SUPPORT

The DOE Nevada Operations Office (DOE/NV) recently reorganized to align itself with the Secretary's Strategic Alignment Initiatives and DOE/NV's Strategic Plan. As a result of this reorganization, responsibility for DOE/NV's programmatic support to DOE Headquarters' (DOE/HQ) Marshall Island Program was transferred from the Office of the Assistant Manager for Administration to the Office of the Assistant Manager for Environmental Management. Overall responsibility for this support has been delegated to E. Frank Di Sanza, Director, Energy Technologies Division. Assisting Mr. Di Sanza in matrix support roles are Marc T. McCusker, Contracts Management Division, who provides administrative assistance and James H. Winget, Resource Management Division, who provides financial assistance. It is my understanding that William D. Jackson, DOE/HQ, is your on-site representative for the Marshall Island Program. As such, DOE/NV has designated Mr. Jackson as the Designated Official for Marshall Island activities under DOE/NV's contract with Bechtel Nevada. It is my expectation that in the day-to-day operations of the Marshall Island Program the principal support provided to Mr. Jackson will be from Messrs. McCusker and Winget. However, should you or Mr. Jackson require support or assistance that Messrs. McCusker or Winget can not provide, please contact Mr. Di Sanza and he will accommodate your needs.

If you have any questions concerning this matter, please contact Mr. Di Sanza at (702) 295-5855.

  
G. Leah Dever, Assistant Manager  
for Environmental Management

ETD/MTM

cc:

W. D. Jackson, DOE/HQ (EH-63) 270

## AGREEMENT

### On the Implementation of Tax Postponements under the Gratuitous Assistance Rendered to the Russian Federation by the United States Government

In order to ensure that transactions paid for with United States Government assistance funds are not subject to taxes or duties in the Russian Federation, and pursuant to Resolution No. КД-П8-06119 of the Government of the Russian Federation, of February 28, 1996, the present Agreement is signed on the conditions and terms of the implementation of tax and duty postponements under the gratuitous assistance rendered to the Russian Federation by the United States Government (hereinafter referred to as assistance).

The present Agreement will be sufficient to postpone any tax and duty payments under assistance programs according to its terms and without referral to any additional procedures and approvals until the provisions of the *Federal Law On the Implementation of Amendments to Some Tax Laws of the Russian Federation* regulating the issues of taxation concerning the foreign assistance programs, are effective, but not more than for six months after the present Agreement is signed.

The Parties have concluded the present Agreement for the following:

1. For the period specified above, the following tax and duty payments under assistance programs are to be postponed:
  - Profits Tax, for enterprises and organizations which pay the tax according to the laws of the Russian Federation, in respect of profits received through the direct implementation of assistance specified above, and subject to the condition that the said enterprises and organizations provide to the Tax Organ a certificate in the format specified in Attachment # 1 to the present Agreement;
  - Value Added Tax, to exempt funds, goods, materials, other property and services received through assistance, from the taxable turnover, and subject to the condition that the said enterprises and organizations receiving the funds provide to the Tax (Customs) Organ a certificate in the format specified in Attachment # 2 to the present Agreement;
  - Value Added Tax, in respect of imported or domestic purchased goods (works and services) paid for with foreign assistance funds, subject to the condition that enterprises and organizations receiving funds provide to the Tax Organ (the Customs Committee in the case of imports) a certificate in the format specified in Attachment # 2 to the present Agreement;

2. The postponement shall be granted in respect of the taxes to be collected for the entire period from the beginning through the completion of the implementation of programs, which are being currently implemented or have been started prior to this postponement is granted.

If a different taxation regime was applied earlier under the implementation of the assistance, the recalculation of surplus sums of taxes and fees paid, as well as the reimbursement of fines imposed according to the results of inspections conducted by control bodies, shall not be made. Taxes and duties to be paid pursuant to the previous laws, which have not been paid until the time the postponement is granted, and the fines related to them, shall not be paid.

3. A Certificate drawn in the Russian language in the format attached to the present Agreement, specifying the amounts paid to the given enterprise, organization or person from the US assistance funds allocated for the provision of assistance to the Russian Federation through relevant assistance programs, issued by the United States Embassy for enterprises, organizations or persons, and which is to be provided to Tax or Customs Committee, will be sufficient to obtain the tax and duty postponement, specified in Paragraph 1 of the present Agreement.

FOR THE RUSSIAN FEDERATION

FOR THE UNITED STATES OF AMERICA

Russian Federation Minister of Finance

United States Ambassador

- signed -

V. G. PANSKOV

THOMAS R. PICKERING

THE GREAT SEAL

April \_\_\_\_, 1996



*Embassy of the United States of America*

Moscow, Russia

April 17, 1996

Dear Mr. Minister:

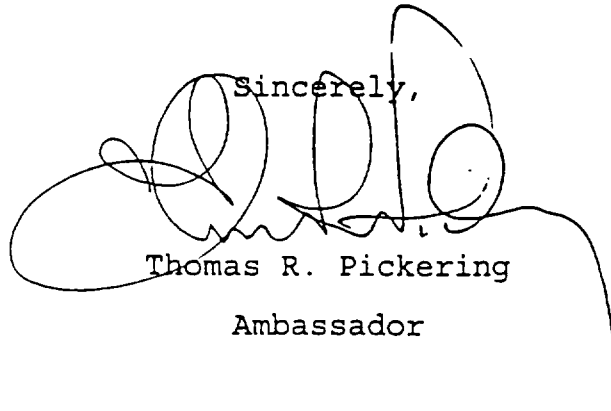
I am pleased to return to you a signed original of the agreement, dated April 17, 1996, to postpone the collection of taxes and duties for six months on activities paid for with U. S. foreign assistance funds. I signed the agreement with the understanding that you will quickly convey it to the heads of the State Tax Service, the State Customs Committee and the Tax Police with instructions to implement immediately the agreement in accordance with its terms and without referral to any additional procedures or approvals within their organizations and without further review or ratification by your Government.

In addition, the agreement was signed with the further understanding that it would serve as a model for postponement of taxation on assistance provided to the Russian Federation by the other G-7 and European Union countries. In fact I recommend that your Ministry consider this agreement as a model for all bilateral and multilateral donors, to ensure uniform treatment in advance of the draft legislation on taxation of assistance.

- 2 -

On behalf of the Embassy, I want to express my appreciation to you, Deputy Minister Shatalov and the Head of the Tax Reform Department, Mr. Ivaneyev, for the fine work that has gone into this agreement. We look forward to working with you further on implementation of the agreement and, eventually, the new legislation.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Thomas R. Pickering  
Ambassador

Enclosure: As stated.

His Excellency  
Vladimir Georgiyevich Panskov,  
Minister of Finance  
Of the Russian Federation,  
Moscow.

## AGREEMENT

### On the Implementation of Tax Postponements under the Gratuitous Assistance Rendered to the Russian Federation by the United States Government

In order to ensure that transactions paid for with United States Government assistance funds are not subject to taxes or duties in the Russian Federation, and pursuant to Resolution No. КД-П8-06119 of the Government of the Russian Federation, of February 28, 1996, the present Agreement is signed on the conditions and terms of the implementation of tax and duty postponements under the gratuitous assistance rendered to the Russian Federation by the United States Government (hereinafter referred to as assistance).

The present Agreement will be sufficient to postpone any tax and duty payments under assistance programs according to its terms and without referral to any additional procedures and approvals until the provisions of the *Federal Law On the Implementation of Amendments to Some Tax Laws of the Russian Federation* regulating the issues of taxation concerning the foreign assistance programs, are effective, but not more than for six months after the present Agreement is signed.

The Parties have concluded the present Agreement for the following:

1. For the period specified above, the following tax and duty payments under assistance programs are to be postponed:
  - Profits Tax, for enterprises and organizations which pay the tax according to the laws of the Russian Federation, in respect of profits received through the direct implementation of assistance specified above, and subject to the condition that the said enterprises and organizations provide to the Tax Organ a certificate in the format specified in Attachment # 1 to the present Agreement;
  - Value Added Tax, to exempt funds, goods, materials, other property and services received through assistance, from the taxable turnover, and subject to the condition that the said enterprises and organizations receiving the funds provide to the Tax (Customs) Organ a certificate in the format specified in Attachment # 2 to the present Agreement;
  - Value Added Tax, in respect of imported or domestic purchased goods (works and services) paid for with foreign assistance funds, subject to the condition that enterprises and organizations receiving funds provide to the Tax Organ (the Customs Committee in the case of imports) a certificate in the format specified in Attachment # 2 to the present Agreement;

- Excise Tax, in respect of imported or domestic purchased vehicles to be used for the implementation of foreign assistance programs and for personal use of non-Russian employees of enterprises and organizations directly involved into the implementation of assistance, one vehicle per employee, subject to the condition that enterprises and organizations purchasing vehicles provide to the Tax Organ (the Customs Committee in the case of imports) a certificate in the format specified in Attachment # 2 to the present Agreement;
- Property Tax for Russian and foreign legal entities, in respect of property received or purchased with foreign assistance funds, subject to the condition that enterprises and organizations owning such property provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;
- Individual Income Tax, in respect of income received by individuals as foreign assistance, and income received by individuals through foreign assistance funds from enterprises and organizations directly involved into the implementation of foreign assistance programs, subject to the condition that individuals (enterprises, organizations) receiving these funds provide to the Tax Organ a certificate in the format specified in Attachment # 4 to the present Agreement;
- Highway Funds for enterprises and organizations directly involved in the implementation of assistance, subject to the condition that enterprises and organizations receiving these funds provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;
- Vehicle Purchase and Ownership Tax, in respect of enterprises and organizations owning or purchasing vehicles to be used for the direct implementation of the assistance, subject to the condition that enterprises and organizations owning these vehicles provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;
- Customs Duties, in respect of goods, materials and other property brought into the customs territory of the Russian Federation through foreign assistance and for the implementation of assistance, subject to the condition that enterprises and organizations importing such property provide to the Customs Committee at the time and place of import a certificate in the format specified in Attachment # 3 to the present Agreement.

ATTACHMENT # 1

The United State Embassy Letterhead

This letter is to certify that United States assistance funds will be paid to [..... name of enterprise or organization] to implement assistance to the Russian Federation pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any profits taxes on United States assistance funds allocated to render assistance to the Russian Federation.

[Total payments to the organization or enterprise named above from United States assistance funds which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Name and Title

Seal

\_\_\_\_\_  
Date



ATTACHMENT # 2

The United State Embassy Letterhead

This letter is to certify that [..... name of enterprise, organization or person] is carrying out the transaction described below with United States assistance funds to implement assistance to the Russian Federation pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any value added tax, excise tax and customs duties at the place and time of purchase or import.

[Total payments for transaction which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

Description of transaction: \_\_\_\_\_  
\_\_\_\_\_

Approximate time frame for transaction: \_\_\_\_\_  
\_\_\_\_\_

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Name and Title

Seal

\_\_\_\_\_  
Date

ATTACHMENT # 3

The United State Embassy Letterhead

This letter is to certify that [..... name of enterprise, organization or person] received the property described below to implement a program of assistance with United States assistance funds pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any property taxes or vehicle purchase and ownership taxes for the period of time indicated below.

[Total payments for transaction which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

Description of property: \_\_\_\_\_  
\_\_\_\_\_

Approximate time frame for transaction: \_\_\_\_\_  
\_\_\_\_\_

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Name and Title

Seal

\_\_\_\_\_  
Date

ATTACHMENT # 4

The United State Embassy Letterhead

This letter is to certify that [..... name of individual] was paid wages of \$\_\_\_\_\_ from United States assistance funds in the current calendar year to implement a program of assistance to the Russian Federation pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the individual named above from any individual income tax in the current calendar year.

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Name and Title

Seal

\_\_\_\_\_  
Date

Since our office does not have the resources to produce the documents in English and Russian, we have established the following procedures:

Upon request, our office will send your office samples of the letters in Russian and English on a diskette or they can be picked up from the DOE Moscow office. We also provide to your organization a package of U.S. Embassy stationery. If your office needs more than one packet of stationery per fiscal year, you will have to send us a DOE fund citation which we can charge for additional stationery procurement and shipment. Your office is responsible for filling in the letters as appropriate for each of your contracts or for an umbrella agreement. Once the letters are completed, you send them by Federal Express or DHL to our office and they are signed and stamped. You also need to send us the name and contact information for the organization that needs to pick-up the finished documents from our office - we will not deliver the documents to the appropriate institution. Our express mailing address is:

Robin Copeland  
U.S. Embassy Moscow  
U.S. Department of Energy  
19/23 Novinsky Bulvar  
121099 Moscow, Russia  
7095-956-4411

Depending on where your Russian counterparts are located geographically and the characteristics of their local tax authority, the letters may or may not be accepted but we are getting reports of more successes than failures.

Regarding the question of whether the Panskov-Pickering document is retro-active to April 17, 1996: If taxes have already been paid by the Russian entity, the money can not be refunded. However, if the Russian entity has withheld tax payments pending Russian government action, the amount withheld is covered under the Agreement (back to April 17, 1996) and should not be subject to taxation.

It is extremely important for the DOE Moscow office to know when a program encounters difficulties with the letters. If your Russian counterpart organizations are not receiving the required tax relief from Russian authorities, we need to know. Please send us details of the problems so we can alert the Embassy and have the problem(s) raised at a senior diplomatic level.

Regarding customs clearance of equipment and supplies, our office recommends continued shipping and consignment to the Embassy through a U.S. freight forwarder such as Matrix. (Shipping departments at the major laboratories are already familiar with this process.) We understand, however, some Russian institute recipients are complaining that once the goods are delivered to their organization they have no proof of ownership and therefore are subject to taxation. In this case, a transfer of title document should be provided which serves to officially record the title transfer of equipment from the Embassy to the end user. Attachment letter

Where the letter refers to "total payment" one can substitute "total value" of the merchandise which should be stated in accordance with the original shipping documents. Some Russian institutes are continuing to refer shipments through BIHATA (Bureau of International Humanitarian and Technical Assistance) which was created to facilitate customs clearance of goods purchased with western government assistance funds, however, most Russian organizations we work with are unable to facilitate customs clearance through BIHATA. Our latest understanding is that a proposal has been made within the Russian government to split BIHATA into two parts which would be merged into two existing Russian entities; matters related to technical assistance would be the responsibility of the Ministry of Economy and the remainder of BIHATA's portfolio would go to the Ministry of Labor and Social Development. The Russian government's current intention is to settle the question about the future of BIHATA by the end of July. Even if a decision is made, the details of any re-organization would have to be worked out during the Fall of 1997. Until the situation clarifies, we recommend following the current procedures.

**MINISTRY OF FINANCE OF THE RUSSIAN FEDERATION**

**OFFICE OF THE MINISTER**

9 Ilyinka St., Moscow 103097. Teletype: 112008.  
Fax: 925-0889

October 21, 1996  
No. 04-00-11

Mr. V. G. Artyukhov

Chief of the State Tax Service  
of the Russian Federation

23 Neglinnaya St., K-381  
Moscow 103381

The Ministry of Finance of the Russian Federation considers that it is necessary to extend the suspension of taxes on the U. S. gratuitous assistance to the Russian economy until the passage of the law *"On the Implementation of Amendments to Some Tax Laws of the Russian Federation and Privileges Related to Payments to Non-Budget State Funds in Connection with the Gratuitous Assistance Rendered to the Russian Federation by Foreign States and International Organizations"*. The order and condition of granting the tax deferral are provided for by the interim arrangement *"On Granting a Tax Deferral in Connection with the Implementation of Gratuitous Assistance Programs by the U.S. Government"* of April 17, 1996, between the Ministry of Finance of the Russian Federation and the Embassy of the United States of America.

In this connection, I request you give urgent instructions to state tax inspections in the constituent members of the Russian Federation concerning the extension of the effect of Letter # VP-6-06/363 of May 17, 1996, titled *"On Granting Tax Deferrals in Connection with the Implementation of U.S. Government Assistance Programs."*

— signed —

A. Ya. LIVSHITS

## AGREEMENT

### On the Implementation of Tax Postponements under the Gratuitous Assistance Rendered to the Russian Federation by the United States Government

In order to ensure that transactions paid for with United States Government assistance funds are not subject to taxes or duties in the Russian Federation, and pursuant to Resolution No. КД-П8-06119 of the Government of the Russian Federation, of February 28, 1996, the present Agreement is signed on the conditions and terms of the implementation of tax and duty postponements under the gratuitous assistance rendered to the Russian Federation by the United States Government (hereinafter referred to as assistance).

The present Agreement will be sufficient to postpone any tax and duty payments under assistance programs according to its terms and without referral to any additional procedures and approvals until the provisions of the *Federal Law On the Implementation of Amendments to Some Tax Laws of the Russian Federation* regulating the issues of taxation concerning the foreign assistance programs, are effective, but not more than for six months after the present Agreement is signed.

The Parties have concluded the present Agreement for the following:

1. For the period specified above, the following tax and duty payments under assistance programs are to be postponed:

- Profits Tax, for enterprises and organizations which pay the tax according to the laws of the Russian Federation, in respect of profits received through the direct implementation of assistance specified above, and subject to the condition that the said enterprises and organizations provide to the Tax Organ a certificate in the format specified in Attachment # 1 to the present Agreement;

- Value Added Tax, to exempt funds, goods, materials, other property and services received through assistance, from the taxable turnover, and subject to the condition that the said enterprises and organizations receiving the funds provide to the Tax (Customs) Organ a certificate in the format specified in Attachment # 2 to the present Agreement;

- Value Added Tax, in respect of imported or domestic purchased goods (works and services) paid for with foreign assistance funds, subject to the condition that enterprises and organizations receiving funds provide to the Tax Organ (the Customs Committee in the case of imports) a certificate in the format specified in Attachment # 2 to the present Agreement;

Excise Tax, in respect of imported or domestic purchased vehicles to be used for the implementation of foreign assistance programs and for personal use of non-Russian employees of enterprises and organizations directly involved into the implementation of assistance, one vehicle per employee, subject to the condition that enterprises and organizations purchasing vehicles provide to the Tax Organ (the Customs Committee in the case of imports) a certificate in the format specified in Attachment # 2 to the present Agreement;

Property Tax for Russian and foreign legal entities, in respect of property received or purchased with foreign assistance funds, subject to the condition that enterprises and organizations owning such property provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;

Individual Income Tax, in respect of income received by individuals as foreign assistance, and income received by individuals through foreign assistance funds from enterprises and organizations directly involved into the implementation of foreign assistance programs, subject to the condition that individuals (enterprises, organizations) receiving these funds provide to the Tax Organ a certificate in the format specified in Attachment # 4 to the present Agreement;

Highway Funds for enterprises and organizations directly involved in the implementation of assistance, subject to the condition that enterprises and organizations receiving these funds provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;

Vehicle Purchase and Ownership Tax, in respect of enterprises and organizations owning or purchasing vehicles to be used for the direct implementation of the assistance, subject to the condition that enterprises and organizations owning these vehicles provide to the Tax Organ a certificate in the format specified in Attachment # 3 to the present Agreement;

Customs Duties, in respect of goods, materials and other property brought into the customs territory of the Russian Federation through foreign assistance and for the implementation of assistance, subject to the condition that enterprises and organizations importing such property provide to the Customs Committee at the time and place of import a certificate in the format specified in Attachment # 3 to the present Agreement.



2. The postponement shall be granted in respect of the taxes to be collected for the entire period from the beginning through the completion of the implementation of programs, which are being currently implemented or have been started prior to this postponement is granted.

If a different taxation regime was applied earlier under the implementation of the assistance, the recalculation of surplus sums of taxes and fees paid, as well as the reimbursement of fines imposed according to the results of inspections conducted by control bodies, shall not be made. Taxes and duties to be paid pursuant to the previous laws, which have not been paid until the time the postponement is granted, and the fines related to them, shall not be paid.

3. A Certificate drawn in the Russian language in the format attached to the present Agreement, specifying the amounts paid to the given enterprise, organization or person from the US assistance funds allocated for the provision of assistance to the Russian Federation through relevant assistance programs, issued by the United States Embassy for enterprises, organizations or persons, and which is to be provided to Tax or Customs Committee, will be sufficient to obtain the tax and duty postponement, specified in Paragraph 1 of the present Agreement.

FOR THE RUSSIAN FEDERATION      FOR THE UNITED STATES OF AMERICA

Russian Federation Minister of Finance      United States Ambassador

- signed -

V. G. PANSKOV

THOMAS R. PICKERING

THE GREAT SEAL

April \_\_\_\_, 1996

UNOFFICIAL TRANSLATION

Ministry of Finance  
of the Russian Federation  
105097 Moscow  
Ilyinka, 9

No. 04-06-02/2

April 28, 1997

A.P. Pochinok  
Head  
State Tax Service  
of the Russian Federation  
103301 Moscow K-381  
Neglinnaya, 23

Dear Alexander Petrovich:

State Tax Service of the Russian Federation (V.D. Yevstigneyev) sent a letter of March 28, 1997 No. 06-3-06/25 to the Government of the Russian Federation with the request to charge the Ministry of Finance of the Russian Federation to solve without delay the issue of postponement for payments into the budget under the gratuitous assistance rendered to Russia by the U.S. Government.

This issue was solved by the special Agreement between the Ministry of Finance of the Russian Federation and the United States Embassy of April 17, 1996, which was concluded for the period until the Russian federal law on privileges in taxation and other payments into the budget during transactions under the gratuitous foreign assistance to the Russian economy is passed, but then it was suspended in connection with the expiration of the six-month period of its validity and in connection with the fact that the above mentioned law was not considered by the Federal Assembly during the year of 1996.

Taking into consideration that the above mentioned law will be considered by the State Duma in the near future, bearing in mind that we receive many request applications from the American political and business circles on this matter, and taking into account the above mentioned letter of the State Tax Service, the Ministry of Finance of the Russian Federation believed it was necessary to extend operation of the Agreement with the U.S. Embassy of April 17, 1996 until the corresponding law is passed.

I request you to notify tax services about this and ensure adherence to provisions of the above mentioned Agreement.

I ask you to inform me about taken measures.

A.B. Chubais (signature)

UNOFFICIAL TRANSLATION

Ministry of Finance  
of the Russian Federation  
103097 Moscow  
Ilyinka, 9

No. 04-06-02/2

April 28, 1997

A.S. Kruglov  
Chairman  
State Custom Committee  
of the Russian Federation  
107842 Moscow  
Komsomolskaya Plashchad, 1a

Dear Anatoly Sergeyevich:

State Tax Service of the Russian Federation (V.D. Yevstigneyev) sent a letter of March 28, 1997 No. 06-3-06/25 to the Government of the Russian Federation with the request to charge the Ministry of Finance of the Russian Federation to solve without delay the issue of postponement for payments into the budget under the gratuitous assistance rendered to Russia by the U.S. Government.

This issue was solved by the special Agreement between the Ministry of Finance of the Russian Federation and the United States Embassy of April 17, 1996, which was concluded for the period until the Russian federal law on privileges in taxation and other payments into the budget during transactions under the gratuitous foreign assistance to the Russian economy is passed, but then it was suspended in connection with the expiration of the six-month period of its validity and in connection with the fact that the above mentioned law was not considered by the Federal Assembly during the year of 1996.

Taking into consideration that the above mentioned law will be considered by the State Duma in the near future, bearing in mind that we receive many request applications from the American political and business circles on this matter, and taking into account the above mentioned letter of the State Tax Service, the Ministry of Finance of the Russian Federation believed it was necessary to extend operation of the Agreement with the U.S. Embassy of April 17, 1996 until the corresponding law is passed.

I request you to notify custom services about this and ensure adherence to provisions of the above mentioned Agreement.

I ask you to inform me about taken measures.

A.B. Chubais (signature)

UNOFFICIAL TRANSLATION

Deputy Head  
State Tax Service  
of the Russian Federation  
193381 Moscow  
K-381  
Neglinnaya, 23

No. BE-6-06/378

May 19, 1997

State Tax Inspections on Subjects  
of the Russian Federation

In order to implement a decree of the Government of the Russian Federation No. AЧ-II8-11251 of April 13, 1997, the Ministry of Finance of the Russian Federation extended by a letter No. 04-06-02/1 of April 28, 1997, operation of the Agreement between Governments of the United States of America and Russian Federation of April 17, 1996, on the implementation of tax postponements under the gratuitous assistance rendered to the Russian Federation by the United States Government until the corresponding law is passed.

Pass this information to tax services according to subordination, set up control over adherence to provisions stipulated by the above mentioned Agreement.

Text of the Agreement was contained in a letter No. BII-6-06/363 of May 27, 1996 by the State Tax Service of Russia.

It is necessary to pass to Department of International Tax Relations consolidated data on corporate and physical persons who received postponements in accordance with the Agreement containing information on amounts of the allocated money, types of taxes and duties, payments of which are to be postponed.

V. Yevstigneyev (signature)  
State Counselor 1st Class, Tax Service

Kalinkov  
phone: 200-1938

ATTACHMENT # 1

The United State Letterhead

This letter is to certify that United States assistance funds will be paid to [..... name of enterprise of organization] to implement assistance to the Russian Federation pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any profits taxes on United States assistance funds allocated to render assistance to the Russian Federation.

[Total payments to the organization or enterprise named above from United States assistance funds which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Robin Copeland  
Office Director

Seal

\_\_\_\_\_  
Date

ATTACHMENT # 2

The United State Embassy Letterhead

This letter is to certify that [..... name of enterprise, organization or person] is carrying out the transaction described below with United States assistance funds to implement assistance to the Russian Federation pursuant to a program of assistance [.....name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any value added tax, excise tax and customs duties at the place and time of purchase or import.

[Total payments for transaction which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

Description of transaction: \_\_\_\_\_

\_\_\_\_\_

Approximate time frame for transaction: \_\_\_\_\_

\_\_\_\_\_

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Robin Copeland  
Office Director

Seal

\_\_\_\_\_  
Date

ATTACHMENT # 3

The United State Embassy Letterhead

This letter is to certify that [..... name of enterprise, organization or person] received the property described below to implement a program of assistance with United States assistance funds pursuant to a program of assistance [.....name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the organization named above from any property taxes or vehicle purchase and ownership taxes for the period of time indicated below.

[Total payments for transaction which were paid or which are to be paid in the period the postponement is effective, are \$\_\_\_\_\_.]

Description of property: \_\_\_\_\_

\_\_\_\_\_

Approximate time frame for transaction: \_\_\_\_\_

\_\_\_\_\_

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Robin Copeland  
Office Director

Seal

\_\_\_\_\_  
Date

ATTACHMENT # 4

The United State Embassy Letterhead

This letter is to certify that [..... name of individual] was paid wages of \$\_\_\_\_\_ from United States assistance funds in the current calendar year to implement a program of assistance to the Russian Federation pursuant to a program of assistance [..... name of the assistance program, including the date and executives who signed the agreement for such assistance].

Pursuant to an agreement between the Ministry of Finance of the Russian Federation and the United States Embassy, Moscow, this certification shall be sufficient to exempt the individual named above from any individual income tax in the current calendar year.

FOR THE EMBASSY OF THE UNITED STATES OF AMERICA IN MOSCOW

\_\_\_\_\_  
Robin Copeland  
Office Director

Seal

\_\_\_\_\_  
Date